

Minutes

Meeting: FCA Board
Date of Meeting: 9 July 2020
Venue: Meeting held via Skype

Present:	Charles Randell (Chair)	Richard Lloyd
	Catherine Bradley	Alice Maynard
	Liam Coleman	Sam Woods
	Bernadette Conroy	Christopher Woolard
	Sarah Hogg	Tommaso Valletti

Apologies: Jeannette Lichner

In attendance: Set out in Annex A

1 Quorum and declarations of interest

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 No interests in relation to the items to be discussed were declared.
- 1.3 The Board **approved** the minutes of the meeting held on 10 June 2020.

2 Mortgage Borrowers

- 2.1 The Board was briefed on work undertaken to date and the intended next steps to support borrowers who could benefit from switching their mortgage, but are unable to do so, despite being up to date with their mortgage payments. This included publication of a statement, setting out this work, and consulting on remedies to assist certain borrowers.
- 2.2 The implications of firm failure during the 2008 financial crisis, resulting in the sale of mortgage books to active or inactive lenders and firms not authorised for mortgage lending, were noted. The inability of some borrowers in these books to switch mortgages was subsequently highlighted in the Mortgage Market Study. Since then consumer campaigners and other stakeholders have sought reforms to assist these borrowers.
- 2.3 The Board considered the economic analysis that had been carried out looking at borrowers in closed books with unregulated entities and inactive lenders.
- 2.4 The proposed consultation will seek views on two remedies to assist mortgage borrowers: the first extending an existing rule to facilitate intra-group switching when a closed book customer seeks to switch to a new deal with an active lender within the same financial group; and the second delaying repayment on maturing interest-only mortgages for certain borrowers.

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- 2.5 The Board recognised that the proposals would likely only impact a proportion of the affected borrowers and that a significant number may be considered to fall outside a lender's risk appetite, despite being up to date with their mortgage payments. The likelihood of Covid-19 compounding this issue was also considered.
 - 2.6 The position on the existing regulatory perimeter, regarding borrowers with unregulated entities, was also acknowledged, as was the ongoing engagement with stakeholders to keep this position under review.
 - 2.7 In conclusion, the Board **approved** the publication of the statement, including an update on the results of the economic analysis, and the consultation on remedies to assist certain mortgage borrowers.

3 Competition Implications of Covid-19

- 3.1 The Board was briefed on the competition implications of Covid-19 that could result in consumer harm, where these harms were considered most likely to occur across financial services, and the FCA's activities to address them in the immediate term.
- 3.2 The likely importance of competition in economic recovery was acknowledged, as both a driver of productivity and as a deliverer of benefits to consumers through lower prices, improved services and greater choice.
- 3.3 It was noted that work, with the Resolution Team, was underway to apply a competition lens to areas of likely firm failure or consolidation to assess the associated risks to competition, markets and consumers. This included engagement with the Digital Task Force for its views on a future regulatory framework for digital firms with strategic market power and advising the Competition & Markets Authority (CMA) in its merger assessments in financial services.
- 3.4 In addition, the implications of competition for vulnerable consumers were being considered in those markets where vulnerability is a particular concern.
- 3.5 The Board **noted** the report with further updates to be provided as required.

4 CEO Covid Update

- 4.1 The Board was briefed on the ongoing risks associated with Covid-19 and the FCA's activities to address them. This included the application of a flexible resourcing model to ensure FCA resources are applied to best effect.
- 4.2 The Board acknowledged the impact of Covid-19 on organisational capacity and the importance of ongoing, risk-based reprioritisation and contingency planning, and clear strategic communication.

5 Any other Business

There being no further business, the meeting closed.

Charles Randell
Chair

ANNEX A: Attendees

Attending for all, or substantially all of the meeting:*

Simon Brindley	General Counsel (Alternate)
Nausicaa Delfas	Executive Director, International
Sheree Howard	Executive Director, Risk and Compliance Oversight
Sheldon Mills	Interim Director, Strategy & Competition
Georgina Philippou	Chief Operating Officer
Mark Steward	Executive Director, Enforcement & Market Oversight
Beverley Walker	Manager, Central Secretariat

Attending for the following items:

2	Nisha Arora Graeme Reynolds Keith Hale Sara Woodroffe	Director, Consumer & Retail Policy Head of Department, Economic & Financial Analysis Technical Specialist, Mortgages Manager, Mortgage Policy
3	Kate Blatchford-Hick Kate Collyer Annette Egginton Robin Finer	Manager, Retail Competition Chief Economist Manager, Competition Strategy Head of Department, Retail Competition
4	Alison Barker Kate Collyer Robin Jones	Director, Specialist Supervision Chief Economist Interim Director, Operational Resilience, Response Co-ordination and OPBAS

* Relevant associates and professional business support staff were also in attendance